

KENTUCKY

TEACHERS' RETIREMENT SYSTEM

ACTIVE MEMBER
EDITION



April/May
2008

2008 Session of the Kentucky General Assembly LEGISLATIVE UPDATE

The General Assembly adjourned its Regular Session of 2008 on April 15th and will not return until the 2009 Regular Session unless the Governor should call a Special Session in the interim. Among the retirement legislation of note that was introduced during the 2008 Regular Session are the following:

House Bill 470

HB 470 is the bill that contained most of the proposals recommended by the Board of Trustees at its December 2007 meeting. HB 470 passed out of both the House of Representatives and the Senate and was signed into law by the Governor on April 11, 2008. Its provisions become effective on July 1, 2008. HB 470 is mostly housekeeping in nature and does not change the current practice of the retirement system, but it does contain a few substantive provisions as follow:

- Allows un-purchased out-of-state K-12 public school service to count toward the thirty years required to return to work at

75% of last annual compensation as opposed to 65%.

- Provides a minimum Daily Wage Threshold
- Allows retirees to remove their ex-spouses as beneficiary even if they miss the sixty (60) day deadline for doing so. This would not permit members to increase their retirement allowance or change their retirement option and would not allow them to "pop up" to an Option I actuarial equivalent in the event that their spouse later predeceases them (even if they selected a pop-up option at the time of retirement).

Senate Bill 65

Senate Bill 65 passed out of both the Senate and the House and was signed into law by the Governor on April 7th. It became effective upon the signature of the Governor. Senate Bill 65 allows university

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Upcoming KTRS Board of Trustees Election

The Teachers' Retirement System is governed by a nine member Board of Trustees. Two trustees are ex-officio members, the Chief State School Officer and the State Treasurer. The remaining seven trustees are elected by the retired and active membership.

Elections are held in May of each year to fill either one or two positions on the Board. Positions are held for four-year terms and the elections are staggered. This May, the membership will elect an active member trustee.



The candidates for the active teacher position are Tom Shelton, from Owensboro, and Glen Teager, from Morehead.

In early May, each retired and active KTRS member will receive a ballot with information about the candidates. Retired members will receive a yellow ballot and active members will receive a blue ballot. Please select your candidate, tear along the perforation, and drop the ballot in the mail. Postage is prepaid. You may return your ballot any time during May, but no later

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employees who participate in the Optional Retirement Plan a one-time election, within their first six years and six months of employment, to switch to KTRS and purchase their prior service during which they participated in the ORP. Additionally, it provides all university employees a one-time opportunity, even if they have been employed longer than six years and six months, to make this election as long as they elect to do so by December 31, 2008. Only university employees who are otherwise eligible for membership in KTRS may make this election. This bill also provides universities with an alternate payment plan for their share of the retirement system's unfunded liability.

House Bill 406, The Executive Budget

House Bill 406, The Executive Budget bill attempts to deal with the reality of allocating scarce discretionary dollars among many important needs of the Commonwealth. For KTRS, House Bill 406 provides funding for employer contributions, payments for past cost of living adjustments, sick leave, and minimum value benefit adjustments. It also continues to provide amortized payments, with interest, on the amounts that were borrowed from the pension fund to pay for past medical insurance costs for retirees. The bill does continue the practice of borrowing from the pension fund to pay for medical insurance costs by doing so for the 2008-2010 biennium. It also, for the first time, borrows to pay for the medical insurance dependent subsidy. It does not provide a requested supplemental employer contribution for the pension fund as recommended by the system's actuary, nor was additional funding for ad hoc cost of living adjustments available. As such, the cost of living adjustments that will be provided on July 1, 2008 and 2009 will be the fixed 1.5% cost of living adjustment guaranteed by statute.

House Bill 600

House Bill 600, the Administration's Pension Reform Bill, would have made some changes to the KTRS pension structure and medical insurance program for persons who would become members of the retirement system on or after July 1, 2008. This bill would have made more significant changes to the pension structure and medical insurance program for new members of Kentucky Retirement Systems. However, despite strong efforts from each body to reconcile the two, the version of the bill that passed in the House of Representatives differed from the version that passed in the Senate. Therefore, House Bill 600 did not become law.

Other Miscellaneous Bills

House Bill 743 would have provided a supplemental, floating employer contribution for KTRS, but did not pass. House Bill 466 would have extended the 100-day program, for persons who had continued employment under its provisions through 2006-2007, until June 30, 2011, but did not pass. House Bill 53 would have extended a window of retirement benefits that is set to expire in January of 2009 for participants in Kentucky Retirement Systems (KRS), but did not pass. Senate Bill 11 would have required the Commonwealth to provide funding sufficient to maintain a level of coverage for retired teachers equal to that provided to active teachers, but did not pass. Senate Bill 131 deletes the requirement that the survivorship benefit is available to legally adopted children only if the adoption process began one year or more prior to the member's death, and now only requires that the child be legally adopted at the time of the member's death. Senate Bill 131 did pass and is retroactive to January 1, 1990.

Upcoming KTRS Board of Trustees Election
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than May 31, 2008. The Chief State School Officer is responsible for counting the ballots.

All members are urged to review the qualifications of each candidate and cast their ballot for the candidate that they feel has the best qualifications to be an effective member of the Board of Trustees. The results of the election will be announced in the next KTRS newsletter.

**Timely Reminders to
Deadlines for Purchasing
2007/08 Service Credit**

Members who had unpaid contract days in the 2007/2008 fiscal year should contact KTRS about their eligibility to obtain full service and/or salary credit. The deadline for purchasing this type of credit is December 31, 2008.*

Members granted leaves of absence in 2007/2008 should contact KTRS about recovering this credit. The deadline for purchasing unpaid days covered by a leave in 2007/2008 is June 30, 2009.

(Members granted leaves of absence in 2006/2007 should contact KTRS about recovering this credit. The deadline for this type of purchase will expire June 30, 2008.)*

* Appropriate forms can be obtained at www.ktrs.ky.gov or from your employer.

Filing Deadline for Those Wishing to Retire June 1st

Retirement applications requesting a June 1st retirement date must be postmarked no than May 1st. June 1st is the second most requested retirement date and is becoming increasingly popular as recent warm winters have permitted classroom teachers to conclude their 185-day contract by the end of May. This growing number of retirement applications requesting a June 1st retirement date is making it increasingly difficult for KTRS counselors to process retirement applications and ensure timely payment of retirement allowances. Therefore, if you are anticipating a June 1st retirement date it is very important that you plan to file your retirement application with KTRS no later than May 1st of the year in which you plan to retire.

Filing deadlines for the other eleven months of the year remain the same. Retirement applications requesting a July 1st retirement date must still be postmarked no later than June 1st. For the remaining ten months of the year, under current regulations, members may file their retirement applications on or before the first day of the month in which they wish to retire.

Do You Have a Life Insurance Beneficiary?

All members of KTRS are covered by a life insurance benefit. KRS 161.655 sets this benefit at \$5,000 for retirees and \$2,000 for active contributing members. The law specifies that this benefit is payable upon the death of the member to the member's estate or to a party designated by the member on a form prescribed by the retirement system. Members who do not have a party designated to receive this benefit can do so by completing a Designation of Beneficiary Form [KTRS Life Insurance Form DB-1].

KTRS retirees are reminded that changing the life insurance benefit designation does not affect the beneficiary designation made at retirement that provides for a monthly payment in the event of death. It is very important that both active and retired KTRS members keep their life insurance benefit designation current and up to date. Failure to keep your designation up to date could lead to costly legal fees. To request this form call KTRS toll free at 1-800-618-1687.

Mid-Career Planning Workshops

Registration 9:00 A.M.

Workshop 9:05 A.M. - Noon
(Local Time)

June 17, 2008

Natural Bridge SRP

Lodge Meeting Room
2135 Natural Bridge Road
Slade, KY

June 24, 2008

Rough River SRP

450 Lodge Road
Falls of Rough, KY

July 29, 2008

General Butler SRP

1608 Highway 227
Carrollton, KY

*Please visit www.ktrs.ky.gov
for all REGISTRATION & for additional
dates for workshops & seminars .*

Pre-Retirement Seminars

Registration 9:00 – 9:15 A.M.

Seminar 9:15 A.M. – 1:00 P.M.
(Local Time)

July 9, 2008

Hardin County Board of Ed

65 W A Jenkins RD
Elizabethtown, KY

July 14, 2008

Rough River SRP

Lodge Lower Level
450 Lodge Road
Falls of Rough, KY

July 15, 2008

KY Dam Village SRP

In the Convention Center
Exit 27 off I-24 on US 641 & US 62
Gilbertsville, KY

July 22, 2008

River Park Center

Woodward's Room
101 Daviess ST
Owensboro, KY

Reciprocity Member Alert

A reciprocity member is a member who has established membership and maintained active retirement accounts in more than one of the state retirement systems. The law allows members to determine their eligibility for retirement benefits by combining service credit in all systems. Each system will calculate your annuity separately.

Any member who has service in both Teachers' Retirement and one of the state administered retirement systems must file a retirement application with a coordinating retirement date if choosing a reciprocity retirement. You must complete and file paper work (applications and insurance forms) for both retirement systems before benefits begin from any system. Your insurance will not start until one month after you are processed in both payroll systems.

If you have any questions concerning a reciprocity retirement, please contact the KTRS office.

Getting to Know Your Retirement System with a KTRS Orientation

"If I had only known that when I first started teaching," is a common comment after a KTRS Orientation. Knowing this valuable information on the front end of one's career eliminates regrets when a member is nearing retirement.

Be informed about your retirement system! Ask your school or district office to contact KTRS at 800-618-1687, for more information on a KTRS Orientation presentation.



